

The Deputy Director of Central Intelligence
Washington, D.C. 20505

Sov Union - SPREAD EUROPE

U-2 - TECH INTEL

Sov TODAY - MIL - ECON

STRATEGIC

SPREAD - CHOKES POINTS

SEIZURE UPON INSTABILITY

72 - 25 82 - 50

SURROGATES LIBYA CUBA

CENTRAL AMERICA

MID EAST

ECONOMIC OUTLOOK

PRICE OF OIL

OPEC

FRIENDLIES

CIVIL TECHNOLOGIES

AUTOS ROBOTICS TV RADAR

CHIPS COMPUTER ²⁰⁰ (SUPER)

AIRCRAFT

FRIEND AS MUCH AS

THREAT TO OUR

ECONOMY WILL BEING

TECH TRANSFER - ~~sum~~ 100
NUKE PROLIF
TERRORISM

12 years

100 yr 45

7500 ATT 8000000

U.S. military

> 12K killed or injured

YAHU

AM EXP Bank AM AMSCHE

The Deputy Director of Central Intelligence

Washington, D.C. 20505

Bankers

70 < 40% \$
90% Personnel

THROWAY - Govt - Ind/Bus - Academic
explain
CIA in US .

speech file

CHICAGO/DETROIT 13-15 APRIL 1983

INTRODUCTION

THANK YOU FOR THAT NICE INTRODUCTION. I ALWAYS CAUTION MYSELF TO REMEMBER WHAT ADLAI STEVENSON ONCE SAID ABOUT A FLATTERING INTRODUCTION. HE SAID: "PRAISE IS LIKE PERFUME -- ALL RIGHT TO SMELL IT AS LONG AS YOU DON'T SWALLOW IT."

I'M GOING TO KEEP MY REMARKS BRIEF. I REMEMBER WHAT THOMAS EDISON SAID WHEN HE WAS INTRODUCED WITH A LONG ACCOUNT OF HIS INVENTIONS. THE CHAIRMAN TALKED ON AND ON ABOUT EDISON'S MARVELOUS TALKING MACHINE, AS THE PHONOGRAPH WAS THEN CALLED. FINALLY, HE SAT DOWN. EDISON AROSE AND BEGAN HIS TALK: "I THANK THE CHAIRMAN FOR HIS KIND REMARKS, BUT I MUST MAKE ONE CORRECTION. GOD INVENTED THE TALKING MACHINE. I ONLY INVENTED THE FIRST ONE THAT CAN BE SHUT OFF." I ASSURE YOU THAT I WILL REMEMBER WHEN TO TURN THIS MACHINE OFF.

I WOULD LIKE TO DISCUSS WITH YOU TODAY THE MAJOR ISSUES WE ARE FACING IN THE INTELLIGENCE COMMUNITY. NOT SO LONG AGO, WE DEVOTED MOST OF OUR ENERGIES TO THE SOVIET UNION. AS YOU KNOW, HOWEVER, THE WORLD HAS BECOME MUCH MORE COMPLEX, AND WE ARE NOW FACING A MUCH
ILLEGIB BROADER AND MORE INTRICATE SET OF CHALLENGES.

THE SOVIET THREAT

THE SOVIET UNION, OF COURSE, REMAINS OUR PRIMARY CONCERN. A COLLEAGUE RECENTLY MADE WHAT I THOUGHT WAS AN INTERESTING OBSERVATION. TOO OFTEN, PEOPLE THINK OF OUR COMPETITION WITH THE RUSSIANS IN TERMS OF COLD-WAR RIVALRIES OR COMPARISONS OF DEFENSE EXPENDITURES.

THE THREAT FROM RUSSIA, HOWEVER, IS GROUNDED IN IDEAS OLDER THAN MARX AND LENIN AND BOLSHEVISM. SOME CONTEND THAT IT STEMS FROM A CULTURE AND CIVILIZATION FUNDAMENTALLY DIFFERENT FROM OUR OWN -- DESPITE THE BEST EFFORTS OF SOME OBSERVERS TO PERSUADE US THAT THE RUSSIAN LEADERS MUST THINK AS WE AND SHARE OUR VALUES BECAUSE THEY WEAR SAVILLE ROW SUITS, LIKE JAZZ, AMERICAN CIGARETTES AND FAST CARS. CALLING RUSSIA WESTERNIZED OR EUROPEAN DOESN'T MAKE IT SO. IT IS VITAL TO UNDERSTAND JUST HOW DIFFERENT THE SOVIET UNION IS FROM US -- HOW DIFFERENT IS THEIR HISTORY, CULTURE, AND OUTLOOK.

WE HAVE TO REMEMBER THAT RUSSIA IS THE ONLY COUNTRY OF GEOGRAPHICAL EUROPE THAT OWED VIRTUALLY NOTHING TO THE COMMON CULTURAL AND SPIRITUAL HERITAGE OF THE WEST. FOR A THOUSAND YEARS ITS LACK OF NATURAL FRONTIERS TOSSED IT INTO ARMED STRUGGLE AGAINST INVADERS. THIS WAS A NATIONAL EXPERIENCE AND EXISTENCE RADICALLY DIFFERENT FROM THAT OF THE WEST. IT CREATED A SOCIAL AND POLITICAL SYSTEM, A NATIONAL CHARACTER, A MENTALITY AND WAY OF LIFE VASTLY DIFFERENT FROM THE PATTERNS THAT EVOLVED IN WESTERN AND CENTRAL EUROPE. ALL OF THIS HAS FOSTERED A COMPETITION BETWEEN US OF IRRECONCILABLE IDEAS REGARDING THE INDIVIDUAL AND THE STATE. ON THEIR SIDE, THEY SEE THE STATE AS OMNIPOTENT, EXERCISING UNLIMITED CONTROL OVER THE PERSONS, PROPERTY, AND THE VERY THOUGHTS OF ITS SUBJECTS. WE IN THE WEST, ON THE OTHER HAND, SEE THE HIGHEST GOAL OF THE STATE AS PROTECTING AND FOSTERING THE CREATIVE CAPABILITIES AND LIBERTIES OF INDIVIDUAL HUMAN BEINGS.

AGAINST THIS BACKDROP, WE CAN TAKE A BETTER LOOK AT THE SOVIET THREAT FACING US TODAY. THE SOVIET MILITARY BUILDUP IS TREMENDOUS.

- THEY HAVE INTERCONTINENTAL MISSILES WHICH COULD SHOWER DESTRUCTION ON OUR COUNTRY IN 30 MINUTES.
- THE SOVIETS HAVE THREE TIMES AS MANY MEN IN THEIR LAND FORCES AS WE HAVE, FOUR TIMES AS MANY TANKS, FOUR TIMES AS MUCH ARTILLERY, AND THREE TIMES AS MANY ARMED PERSONNEL CARRIERS.

THE SOVIETS ARE CAPABLE OF PROJECTING THEIR FORMIDABLE MILITARY POWER OVER LONG DISTANCES TO SUPPORT ACTUAL AND POTENTIAL PRO-SOVIET FACTIONS IN TROUBLED COUNTRIES.

- WE HAVE SEEN THEM USE THEIR TRANSPORT PLANES AND CARGO SHIPS TO CARRY SOPHISTICATED WEAPONS THOUSANDS OF MILES TO JOIN WITH CUBAN TROOPS IN ANGOLA AND ETHIOPIA.
- DURING CHRISTMAS SEASON OF 1979, WE SAW THEM SEND THEIR OWN COMBAT UNITS INTO AFGHANISTAN.
- CURRENTLY, THE SOVIETS ARE BOLDLY STATIONING LONG-RANGE SA-5s INTO SYRIA. THESE WEAPONS, WITH A RANGE OF 150 MILES, CAN THREATEN AIRCRAFT OVER LEBANON AND ~~ISRAEL~~ ^{72L 4010}.

THE SOVIETS HAVE A KNACK FOR EXPLOITING INDIGENOUS RELIGIOUS, POLITICAL, AND REGIONAL TENSIONS. WE HAVE SEEN THEM EXPLOIT TENSIONS

- BETWEEN THE SHIA AND SUNNI MOSLEMS IN IRAN, IRAQ, SYRIA, AND THE REST OF THE PERSIAN GULF,
- BETWEEN ARABS AND JEWS,
- BETWEEN MODERATE AND RADICAL ARABS; AND,
- BLACKS AND WHITES IN AFRICA.

THIS HAS ALL LED TO A DRAMATIC EXPANSION OF SOVIET INFLUENCE OVER THE LAST 10 YEARS

-- IN 1972, ABOUT 25 NATIONS CAME UNDER SOME DEGREE OF SOVIET INFLUENCE.

-- BY 1982, THAT NUMBER HAD RISEN TO CLOSE TO 50.

TODAY WE SEE THE SOVIETS -- OR THEIR SURROGATES, THE CUBANS, LIBYANS, ETC. -- SUPPORTING AN ARRAY OF INSURGENCIES AROUND THE WORLD.

-- A CLOSE LOOK AT THESE WILL SHOW THEY ARE ALL CLOSE TO NATURAL RESOURCES - OR CHOKE POINTS ON THE WORLD'S SEA LANES ON WHICH WE AND OUR ALLIES DEPEND FOR FUEL, OUR ECONOMIC LIFE.

CUBAN SUPPORT OF SUBVERSION INSURGENCY IN CENTRAL AMERICA COULD HELP DIVIDE OUR OWN HEMISPHERE. IT COULD THREATEN THE RICH MEXICAN OIL FIELDS AND CONTROL OF THE CANAL PASSAGE IN PANAMA. CUBA NOW MAINTAINS A FIRM BASE OF OPERATIONS ON THE CARIBBEAN ISLAND OF GRENADA--WITH AN AIRFIELD, TRAINING SITE, INTELLIGENCE CENTER, AND PROPAGANDA FACILITIES THERE.

THERE IS AN EVER EXPANDING PARTNERSHIP BETWEEN CUBA AND NICARAGUA IN EXPLOITING SUBVERSION IN CENTRAL AMERICA AND THE CARIBBEAN REGION. DELIVERIES OF SOVIET BLOC WEAPONRY TO NICARAGUA AND OF SOVIET MILITARY EQUIPMENT TO CUBA CONTINUE AT A HIGH LEVEL. FROM HEADQUARTERS IN NICARAGUA, CUBAN AND NICARAGUAN OFFICERS COMMAND AND CONTROL GUERRILLA UNITS WIDELY SPREAD THROUGHOUT EL SALVADOR.

STAT
STAT

STAT

THIS REQUIRES US TO WORRY THAT THE

CASTROIZATION OF CENTRAL AMERICA WOULD BRING THE SAME KIND OF CAPABILITY TO SUBVERT, DESTABILIZE, AND PROMOTE INSURGENCY TO THE BORDERS OF AN ALREADY DISTRESSED MEXICO.

CUBAN TROOPS FORTIFY THE REGIMES IN ETHIOPIA, ANGOLA, AND SOUTH YEMEN. ALSO, THE SOVIETS SHOW NO SIGN OF BEING PREPARED TO SEE THEIR INFLUENCE DIMINISHED IN ANGOLA, WHERE CUBAN TROOPS ARE STILL STATIONED.

THIRD WORLD INSTABILITY

LOOKING AHEAD, WE HAVE TO ANTICIPATE CONFLICTS, HEIGHTENED TENSIONS, AND FINANCIAL DIFFICULTIES IN EVERY THIRD WORLD REGION. WE AT CIA ARE WORKING HARDER AT RECOGNIZING INDICATIONS OF INSTABILITY, DESTABILIZATION. OUR JOB IS TO PREVENT SURPRISES.

- DEPENDING ON YOUR DEFINITION, THERE ARE ROUGHLY 50 INSURGENCIES -- OUR ANALYSTS SAY THAT THE EXACT NUMBER IS 48 -- GOING ON IN THE WORLD TODAY.
- THE COUNTRIES INVOLVED RANGE FROM PERU TO THE PHILIPPINES. EVEN A NUMBER OF PRO-SOVIET REGIMES, INCLUDING MOZAMBIQUE, ETHIOPIA, AND SEVERAL OTHERS I'VE ALREADY ALLUDED TO -- ANGOLA, NICARAGUA, AND OF COURSE AFGHANISTAN, FACE TENACIOUS REVOLTS.
- EVEN IN THOSE COUNTRIES THAT ARE FREE OF ORGANIZED INSURGENCY OR GUERRILLA WARFARE, TERRORISM AND POLITICALLY MOTIVATED KIDNAPPING AND ASSASSINATION MAY UNDERMINE GOVERNMENT AUTHORITY AND ECONOMIC VIABILITY.

THE BASIC CAUSES OF POLITICAL INSTABILITY IN THE THIRD WORLD ARE VARIED AND, TO A LARGE EXTENT, COUNTRY SPECIFIC. THE PROXIMATE CAUSE -- THE MATCH TOSSED INTO THE GASOLINE, SO TO SPEAK -- IS OFTEN COMMUNIST SUBVERSION.

- ALTHOUGH POVERTY IN ITSELF IS NOT USUALLY A DIRECT CAUSE OF REBELLION -- ~~STARVING MEN ALMOST NEVER REVOLT~~
-- PERSISTENT POVERTY DOES UNDERMINE THE LEGITIMACY OF GOVERNMENTS. WIDE SECTIONS OF THE POPULATION MAY COME TO BELIEVE THAT A GOVERNMENT THAT CANNOT OR WILL NOT FEED ITS PEOPLE IS NOT WORTH SUPPORTING.
- CORRUPTION, POLICE BRUTALITY, LACK OF POLITICAL OR ECONOMIC OPPORTUNITY CAN ALSO UNDERMINE GOVERNMENTS, THOUGH THE VARIATION AMONG SOCIETIES AS TO WHAT IS AND IS NOT ACCEPTABLE IS HUGE.
- A LARGE NUMBER OF REBELLIONS SEEM TO HAVE ORIGINATED AMONG BORED UNIVERSITY STUDENTS LOOKING FOR ADVENTURE AND IMPORTANCE. HERE, WE ARE NOT TALKING ABOUT THE POOR BUT ABOUT THE UPPER 5% OF INCOME RECIPIENTS IN MOST THIRD WORLD NATIONS. *
- WHENEVER A SITUATION OF POTENTIAL POLITICAL INSTABILITY EXISTS, YOU CAN BE SURE THAT THE SOVIETS ARE ASSESSING WHAT POSSIBLE ADVANTAGE THEY CAN DRAW FROM IT.

* Examples: - current leadership of Sandinistas
- Castro's revolution began in the universities
- Tupamaros in Uruguay stemmed from universities
- unrest in Mexico late 60s emanated from universities, though did not develop into serious instability

- OFTEN THIS MEANS AIDING A DOMESTIC REVOLUTIONARY GROUP WITH SMALL AMOUNTS OF FUNDS, ARMS, AND ADVICE. LATER, IF THE GROUP HAS SOME SIGNIFICANT SUCCESSES, THE SOVIETS OR THEIR PROXIES WILL INCREASE THEIR AID MANYFOLD.
- SOVIET GOALS IN THE THIRD WORLD REMAIN TO UNDERMINE PRO-WESTERN OR TRULY NEUTRAL STATES AND TO ADD TO THE NUMBER AND POWER OF PRO-SOVIET COUNTRIES.

ONE OF OUR PRIMARY CONCERNS IN THE THIRD WORLD TODAY IS THEIR PRECARIOUS ECONOMIC OUTLOOK.

- HUGE INTERNATIONAL DEBTS, COMPOUNDED BY THE SLOW-DOWN IN WORLD TRADE, ARE POSING SEVERE PROBLEMS FOR A WIDE RANGE OF THIRD WORLD COUNTRIES, INCLUDING SUCH ONE-TIME ECONOMIC SUPERSTARS AS MEXICO AND BRAZIL.
- SOME OF THESE COUNTRIES MAY FIND THAT THE AUSTERITY MEASURES NECESSARY TO RESTORE THEIR ECONOMIES AND DEMANDED BY THE IMF ARE POLITICALLY IMPOSSIBLE. THE RECENT, VERY SERIOUS RIOTING IN SAO PAULO COULD EASILY BE DUPLICATED IN A SCORE OF OTHER MAJOR THIRD WORLD NATIONS.
- EVEN THE OIL-RICH COUNTRIES OF THE PERSIAN GULF ARE FINDING THAT THEY MUST TAKE IN THEIR BELTS IN WAYS THAT COULD UNDERMINE DOMESTIC POLITICAL STABILITY.

ECONOMIC INTELLIGENCE

THIS BRINGS ME TO ONE OF THE REAL GROWTH AREAS IN THE INTELLIGENCE BUSINESS TODAY -- ECONOMIC INTELLIGENCE.

- ECONOMIC FACTORS PLAY AN EVER GROWING ROLE IN OUR RELATIONS WITH WESTERN EUROPE, JAPAN, AND THE DEVELOPING NATIONS.
- THE GROWING ROLE OF TRADE IN OUR ECONOMY HAS MADE OUR ECONOMIC PERFORMANCE INCREASINGLY INTERTWINED WITH ECONOMIC EVENTS ABROAD.
- WE NEED TO WORK HARDER ON TRACING FINANCIAL AND TRADE LINKAGES, PARTICULARLY BETWEEN THE FREE WORLD AND THE SOVIET BLOC.
- IN RESPONSE TO GROWING POLICYMAKER CONCERNS, WE FIND OURSELVES TAPPING OUR EXPERTISE ACROSS MULTIPLE DISCIPLINES -- ECONOMIC, POLITICAL, MILITARY, ETC. -- TO FOCUS ON A NUMBER OF RELATIVELY NEW, BUT VERY IMPORTANT ISSUES:
 - o INDUSTRIAL COUNTRY PERFORMANCE. THE US AND ITS ALLIES HAVE HAD TO DEAL WITH INCREASING ECONOMIC CONFLICT STEMMING FROM THE PROTECTION OF DEPRESSED INDUSTRIES AND HOME MARKETS.
 - WEST EUROPEAN SUPPORT FOR THE LATEST SOVIET NATURAL GAS PIPELINE HAS SHOWN US HOW ECONOMIC FACTORS ARE ALSO PLAYING AN INCREASED ROLE IN THE BROADER POLITICAL DECISIONS OF OUR ALLIES, INCLUDING STRATEGIC ISSUES.

O ENERGY. IN 1975 AND AGAIN IN 1979 WE LEARNED THAT THE US AND ITS ALLIES ARE VULNERABLE TO DISRUPTIONS IN THE SUPPLY OF ENERGY, ESPECIALLY FROM THE MIDDLE EAST.

- HIGHER ENERGY PRICES HAVE HAD A STRONG NEGATIVE IMPACT ON INDUSTRIALIZED COUNTRY GROWTH.
- WE IN CIA WILL CONTINUE TO BE CALLED ON TO EXAMINE THE POTENTIAL FOR AND LIKELY IMPACT OF

- PRODUCTION CUTBACKS AMONG MAJOR OIL PRODUCING COMPANIES;

- SUPPLY DISRUPTIONS STEMMING FROM HOSTILITIES WITHIN THE GULF REGION; AND

- THE ABILITY OF OPEC TO RAISE AND CONTROL PRICES.

O CIVIL TECHNOLOGY. { I DON'T HAVE TO TELL YOU HERE IN THE MID-WEST } ABOUT THE IMPACT OF THE EROSION OF THE US COMPETITIVE POSITION IN THE WORLD ECONOMY.

- FROM A NATIONAL SECURITY PERSPECTIVE, IT AFFECTS THE ABILITY OF THE US INDUSTRIAL SECTOR TO SUPPORT US DEFENSE PRODUCTION.
- MY PERSONAL VIEW IS THAT IF US INDUSTRY IS TO COMPETE AGAINST JAPAN, INC., OR OTHER GOVERNMENT SUPPORTED INDUSTRY IN THE INDUSTRIALIZED WORLD, THE US GOVERNMENT HAS TO FIND A WAY TO LEND A HAND TO US INDUSTRY.

- WE NEED TO PRODUCE INTELLIGENCE THAT WILL
CONTRIBUTE TO POLICIES THAT WILL STRENGTHEN
THE US ECONOMY.
- WE WILL NEED TO APPLY MORE RESOURCES TO FOLLOW-
ING ADVANCED TECHNOLOGY DEVELOPMENTS IN MICRO-
ELECTRONICS, TRANSPORTATION AND COMMUNICATIONS,
BIOTECHNOLOGY, THEIR APPLICATIONS; AND THEIR
EFFECT ON THE US ECONOMY.
- OUR GOVERNMENT ALSO HAS TO CONTROL THE SALE
OF SENSITIVE TECHNOLOGIES AND EQUIPMENT TO
THE SOVIET UNION AND ITS ALLIES.

0 TECHNOLOGY TRANSFER.

- THIS ISSUE OF TECHNOLOGY TRANSFER IS ONE THAT
~~WE HAVE PERSONALLY~~ ^{WE MUST} PUSHED IN THE INTELLIGENCE
COMMUNITY.
- LENIN ONCE SAID, "THE CAPITALISTS WILL SELL
US THE ROPE WE NEED TO HANG THEM."
- THAT CERTAINLY RINGS TRUE TODAY WHEN WE REALIZE
THAT THE SOVIETS AND THEIR ALLIES ARE PRODUCING
MORE SOPHISTICATED WEAPONS WITH THE DIRECT HELP
OF WESTERN TECHNOLOGY.
- SOVIETS HAVE SAVED BILLIONS OF DOLLARS AND YEARS
OF TIME BY ACQUIRING MILITARILY SIGNIFICANT
WESTERN TECHNOLOGY THROUGH BOTH LEGAL AND ILLEGAL
MEANS.

- HOW IS THIS DONE? FOR SOME 15 YEARS SOVIET INTELLIGENCE ORGANIZATIONS HAVE RECRUITED HUNDREDS OF YOUNG TECHNICALLY-TRAINED PEOPLE TO ACQUIRE SHOPPING LISTS. THEY HIDE BEHIND DUMMY TRADING COMPANIES OR THEY ENGAGE BONA FIDE EUROPEAN FIRMS AS MIDDLEMEN TO OBSCURE THE ULTIMATE DESTINATION OF RESTRICTED EQUIPMENT. THEY LIKE TO DEAL WITH EUROPEAN SUBSIDIARIES OF AMERICAN COMPANIES, BELIEVING THAT SECURITY CONTROLS ARE MORE RELAXED THERE. THERE ARE MORE THAN 30 FIRMS CHARTERED IN THE US WHICH ARE OWNED BY A COMMUNIST COUNTRY. IN WESTERN EUROPE, HOWEVER, THERE ARE MORE THAN 300. A COMMON TECHNIQUE IS TO USE EAST EUROPEANS AS FRONT MEN.
- A HOSTILE INTELLIGENCE OFFICER MAY EVEN MISREPRESENT HIMSELF AS CITIZEN OF A COUNTRY FRIENDLY TO THE UNITED STATES. A TARGETED AMERICAN MAY THEN BE DUPED INTO HANDING OVER SENSITIVE INFORMATION BELIEVING HE IS AIDING AN ALLY. IN AN ATTEMPT TO ELICIT INFORMATION, FOREIGN INTELLIGENCE OFFICERS EXPLOIT TRADITIONAL AMERICAN BELIEFS, SUCH AS THE CONVICTION THAT SCIENTIFIC ADVANCEMENTS SHOULD BE ALLOWED TO BENEFIT ALL MANKIND. IN THE INTERESTS OF SCHOLARSHIP AND SCIENCE, AN AMERICAN WILL BE ENCOURAGED TO EXCHANGE RESULTS OF HIS RESEARCH WITH A "COLLEAGUE" OF THE INTERNATIONAL COMMUNITY OF SCIENTISTS.

- AS A RESULT OF THIS MASSIVE, WELL PLANNED, WELL MANAGED NATIONAL SOVIET PROGRAM ORCHESTRATED AT THE HIGHEST GOVERNMENT AND PARTY LEVELS, THE SOVIETS HAVE SUCCEEDED IN ACQUIRING:
 - C-5-A DESIGN PLANS.
 - SIDEWINDER.
 - AWACS RADAR.
 - MINUTEMAN GUIDANCE, SS-18 BEARINGS AND GYROS.
 - SLBM, MIRV DESIGNS AND GUIDANCE SYSTEMS FOR ICBMs.
 - SONAR AND RELATED ASW TECHNOLOGY.
 - TANK RELATED FIRE-CONTROL TECHNOLOGY.
 - U.S. COMPUTER TECHNOLOGY.
- SOVIET INTELLIGENCE SERVICES HAVE CONCENTRATED EFFORTS IN U.S., WESTERN EUROPE, JAPAN.
 - HAVE TARGETTED:
 - DEFENSE CONTRACTORS.
 - HIGH TECHNOLOGY FIRMS WORKING ON ADVANCED TECHNOLOGY.
 - FOREIGN FIRMS AND SUBSIDIARIES OF U.S. FIRMS ABROAD,
 - INTERNATIONAL ORGANIZATIONS WITH ACCESS TO ADVANCED AND PROPRIETARY TECHNOLOGY.

- AS WE LOOK AHEAD, WE EXPECT SOVIETS AND THEIR ALLIES TO CONCENTRATE FOR THE REST OF THE DECADE ON FOLLOWING TYPES OF WESTERN TECHNOLOGY.
 - WEAPONS DESIGNS AND RELATED DEFENSE PRODUCTION TECHNOLOGY, PARTICULARLY U.S. TECHNOLOGY, WITH SOME INCREASED EMPHASIS ON THE TECHNOLOGY OF OUR ALLIES.
 - EMBARGOED EQUIPMENT, GOODS, PRODUCTS, MATERIAL, AND ASSOCIATED TECHNOLOGY, ESPECIALLY DUAL-USE ITEMS OBTAINED THROUGH THE CLANDESTINE EFFORTS OF THE SOVIET AND EAST EUROPEAN INTELLIGENCE SERVICES.
 - COMPANY PROPRIETARY TECHNOLOGY NEEDED TO MANUFACTURE ADVANCED COMMERCIAL COMPONENTS AND SYSTEMS, USING CLANDESTINE AND ILLEGAL MEANS TO ACQUIRE THESE FOR FUTURE MILITARY AND DEFENSE INDUSTRIAL APPLICATIONS.
 - GOVERNMENT-GENERATED S&T INFORMATION AND UNCLASSIFIED BUT DEFENSE-APPLICABLE TECHNOLOGY PRODUCED PRIMARILY BY THE U.S., ACQUIRED BY OVERT SOVIET AND EAST EUROPEAN COLLECTORS AND THROUGH MULTINATIONAL OPEN-SOURCE DOCUMENT PROCUREMENT.
 - EMERGING TECHNOLOGY FROM WESTERN GOVERNMENT RESEARCH CENTERS AND UNIVERSITIES, USING VISITING SOVIET AND EAST EUROPEAN SCHOLARS AND RESEARCHERS AND COMMERCIAL DELEGATIONS TARGETED AND SUPPORTED BY SOVIET BLOC INTELLIGENCE.

- WHAT CAN WE DO ABOUT THIS?
 - FBI HAS EXCELLENT PROGRAMS TO HELP DEFENSE CONTRACTORS PROTECT THEMSELVES FROM THIS HOSTILE THREAT.
 - CALLED DECA -- DEVELOPMENT OF COUNTERINTELLIGENCE AWARENESS -- DESIGNED TO ALERT COMPANY MANAGEMENT AND SECURITY PERSONNEL OF POSSIBLE THREATS TO THEIR COMPANY.
 - ANY OF YOU WHO MIGHT BE INTERESTED COULD CONTACT LOCAL FBI OFFICES FOR THIS BRIEFING.
- WE, IN THE INTELLIGENCE COMMUNITY, HAVE ALERTED OUR FOREIGN ALLIES:
 - THEY ARE DEVELOPING CI EFFORTS TO DEAL WITH THIS THREAT.
 - MANY OF THE RECENT EXPULSIONS OF SOVIET KGB OFFICERS FROM EUROPE HAVE BEEN RELATED TO TECHNOLOGY TRANSFER.
- ALL NEED TO IMPROVE PROTECTION OF U.S. GOVERNMENT S&T INFORMATION AND DEFENSE-FUNDED R&D DATA.
 - WE IN GOVERNMENT NEED TO PROTECT IT BETTER, NOT MAKE IT OPENLY AVAILABLE TO WARSAW PACT.
 - ANY OF YOU IN THE PRIVATE SECTOR CAN HELP BY TREATING GOVERNMENT FUNDED R&D AND TECHNOLOGY THAT YOUR COMPANIES PRODUCE JUST AS YOU WOULD TREAT YOUR OWN PROPRIETARY TECHNOLOGY.

- EXPECT OUR EFFORTS TO COUNTER WILL BECOME MORE DIFFICULT AS TRENDS OF 70'S CONTINUE INTO 80'S.
 - SOVIETS, ALLIES INCREASING THEIR USE OF NATIONAL INTELLIGENCE SERVICES TO ACQUIRE WESTERN CIVILIAN TECHNOLOGIES, INCLUDING:
 - AUTOMOBILE
 - ENERGY
 - CHEMICALS
 - CONSUMER ELECTRONICS.
 - GROWING EMPHASIS ON COLLECTION OF MANUFACTURING RELATED TECHNOLOGY.
 - INCREASING EMPHASIS ON ACQUISITION OF NEW WESTERN TECHNOLOGIES EMERGING FROM UNIVERSITIES AND RESEARCH CENTERS.
 - COMBINED EFFECT OF THESE TRENDS RESULTS IN HEAVY FOCUS OF SOVIET BLOC INTELLIGENCE NOT ONLY ON MILITARY SECTOR, BUT ALSO ON COMMERCIAL SECTORS IN WEST, WHICH
 - ARE NOT NORMALLY PROTECTED FROM HOSTILE INTELLIGENCE SERVICES.
 - WHOSE INDUSTRIAL SECURITY IS NO MATCH FOR HUMAN PENETRATION OPERATIONS OF HOSTILE SERVICES.

- MOST ALARMING, THESE EFFORTS ENABLE SOVIETS TO GAIN ACCESS TO THOSE ADVANCED TECHNOLOGIES THAT THE WEST IS LIKELY TO USE IN THEIR OWN FUTURE WEAPONS SYSTEMS.

CONCLUSION

- WE IN WEST NEED TO ORGANIZE BETTER TO PROTECT
 - NOT ONLY MILITARY-RELATED TECHNOLOGY CENTERS
 - BUT ALSO OUR INDUSTRIAL, COMMERCIAL AND SCIENTIFIC COMMUNITIES.
- ALSO HAVE TO DEVELOP BETTER INDUSTRIAL SECURITY PRACTICES TO COPE WITH SOVIET BLOC INTELLIGENCE THREAT NOT JUST TO OUR COMPANIES, BUT TO U.S. SUBSIDIARIES ABROAD.

INTERNATIONAL TERRORISM

ANOTHER MAJOR THREAT WE FACE IS INTERNATIONAL TERRORISM, WHICH SEEMS TO BE BECOMING A WAY OF LIFE. LAST SPRING, WHILE US AND EUROPEAN NEWS BROADCASTS FOCUSED ON THE VERSAILLES ECONOMIC SUMMIT, BOMBS IN PARIS RIPPED APART THE OFFICES OF THE AMERICAN EXPRESS, THE BANK OF AMERICA, AND THE AMERICAN SCHOOL OF PARIS. INTERNATIONAL TERRORISM DISRUPTS NOT JUST OUR INTERNATIONAL SYSTEM, BUT DIRECTLY THREATENS AMERICAN ECONOMIC INTERESTS ABROAD. THE PERVASIVE THREAT OF TERRORISM HAS AFFECTED DIPLOMACY, TRAVEL, COMMERCE.

- SINCE WE BEGAN TRACKING IN 1968, 7,425 TERRORIST ATTACKS; 8,088 VICTIMS HELD HOSTAGE; 12,139 KILLED OR INJURED.
- (DEATHS DROPPED FROM 642 IN 1980 TO 173 IN 1981, BUT--)

- LONG-TERM TREND IS TOWARD MORE SERIOUS THREATS TO HUMAN LIFE.
- 1970, INCIDENTS WERE EVENLY DIVIDED BETWEEN ATTACKS AGAINST PEOPLE, AGAINST PROPERTY.
- 1981, 80 PERCENT OF INCIDENTS WERE DIRECTED AGAINST PEOPLE.
- OF PRIMARY CONCERN TO ALL OF US, AMERICAN CITIZENS, PROPERTY ARE PRIME TARGETS.
- WHILE MANY AMERICAN VICTIMS WERE KILLED IN PREVIOUS YEARS BECAUSE OF INDISCRIMINATE ATTACKS, IN 1980, 81, ALL AMERICANS KILLED WERE KILLED BECAUSE THEY WERE AMERICANS.

IN 1982, OVER A HUNDRED ATTACKS WERE CARRIED OUT AGAINST US BUSINESSES. THIRTY BUSINESSMEN WERE WOUNDED. FIFTY-SIX PERCENT OF THE RECORDED ATTACKS RESULTED IN SIGNIFICANT DAMAGE TO PROPERTY. OVER THE YEARS, US COMPANIES THAT HAVE BEEN THE TARGET OF TERRORISTS RUN THE GAMUT FROM WELL-KNOWN GIANTS OF WORLD BUSINESS TO SMALL, PRIVATELY-OWNED, COMPANIES. FREQUENT VICTIMS ARE COMPANIES THAT ARE SYMBOLIC OF THE "AMERICAN WAY OF LIFE." OIL FIRMS AND LARGE FINANCIAL ENTERPRISES CAN ALSO BE ATTACKED FOR SYMBOLIC AS WELL AS PRACTICAL REASONS.

TERRORISTS OFTEN ATTACK OR THREATEN COMPANIES FOR FINANCIAL GAIN. EXTORTION PAYMENTS FOR A KIDNAPPED EXECUTIVE CAN BE MILLIONS OF DOLLARS. TERRORISTS THEN USE THIS MONEY TO BUY ARMS AND TO EXPAND THEIR OPERATIONS. IT IS ESTIMATED THAT US FIRMS PAID ABOUT \$125 MILLION IN RANSOMS OVER THE PAST TEN YEARS.

I WOULD BE REMISS IF I DID NOT MENTION THE MOST ALARMING THREAT OF ALL -- NUCLEAR TERRORISM --

-- THE SPREAD OF NUCLEAR TECHNOLOGY AND FACILITIES IS INCREASING BOTH THE NUMBER OF TARGETS FOR TERRORIST ACTS.

-- AND THE FRIGHTENING POSSIBILITY OF TERRORISTS GETTING THEIR HANDS ON NUCLEAR MATERIAL OR WEAPONS.

-- OBVIOUSLY, WE NEED TO DEVOTE CONSIDERABLY MORE RESOURCES TO THIS PROBLEM THAN WE HAVE IN THE PAST.

PROGRESS IN INTELLIGENCE

I HAVE JUST SCRATCHED THE SURFACE OF WHAT IS AND WILL BE ON OUR PLATTER IN THE YEARS AHEAD.

-- I COULD GO ON AT GREAT LENGTH -- NUCLEAR PROLIFERATION, ARMS CONTROL, NARCOTICS TRAFFICKING -- THE LIST TRULY SEEMS ENDLESS.

IS YOUR INTELLIGENCE COMMUNITY UP TO THE TASK? I THINK SO.

DURING THE 1970S OUR INTELLIGENCE GATHERING CAPABILITIES WERE DRAINED SUBSTANTIALLY WITH A 40 PERCENT CUT IN FUNDS AND A 50 PERCENT SLASH IN PERSONNEL. WITH THE RENEWED UNDERSTANDING AND SUPPORT OF CONGRESS AND THE PUBLIC, WE HAVE BEEN VERY BUSY FOR THE PAST TWO YEARS TURNING THIS SITUATION AROUND. ~~UNDER THE STRONG LEADERSHIP OF BILL CASEY,~~ WE ARE IN THE MIDST OF REBUILDING THE INTELLIGENCE CAPABILITIES OUR NATION MUST HAVE FOR THE YEARS AHEAD.

MORE ANALYSTS ARE BEING HIRED TO ADDRESS AREAS OF NEW INTEREST THAT WE'VE BEEN TALKING ABOUT TODAY -- THE THIRD WORLD, NUCLEAR PROLIFERATION, INTERNATIONAL TERRORISM, INSURGENCY, INSTABILITY, AND GLOBAL RESOURCES. WE ARE ALSO TAKING ADVANTAGE OF THE EXPERTISE OF

OUTSIDE SCHOLARS AND RESEARCHERS. WE RECOGNIZE THAT OUR OWN PEOPLE HAVE NO MONOPOLY OF WISDOM. MORE AND MORE, WE REACH INTO THE THINK TANKS, THE COLLEGES AND UNIVERSITIES, AND THE BUSINESS COMMUNITY FOR DIFFERENT PERCEPTIONS AND NEW APPROACHES.

AS PART OF OUR NEW LONG-RANGE PLANNING PROCESS, WE RECENTLY FINISHED AN EXTENSIVE REVIEW OF THE INTELLIGENCE CHALLENGES AHEAD, AS WELL AS THE ADEQUACY OF OUR CURRENT COLLECTION AND ANALYTICAL CAPABILITIES. THE CHALLENGES AND DEMANDS KEEP MULTIPLYING. WE BELIEVE, HOWEVER, THAT WITH OUR RECENT REFORMS, ADDITIONAL ANALYSTS, AND NEW TECHNICAL COLLECTION METHODS, WE ARE MOVING IN THE RIGHT DIRECTION.

FOIA

ONE FINAL THOUGHT, WE SOMETIMES HAVE A PROPENSITY IN THIS COUNTRY TO SHOOT OURSELVES IN THE FOOT. IT SEEMS STRANGE THAT WE ARE THE ONLY COUNTRY IN THE WORLD WHICH, BECAUSE OF THE FREEDOM OF INFORMATION ACT, GIVES ANYONE LICENSE TO POKE INTO OUR INTELLIGENCE FILES. DESPITE WHAT YOU MIGHT READ IN THE NEWSPAPERS, WE ARE NOT CALLING FOR TOTAL REPEAL OF THE ACT, NOR ARE WE ASKING FOR EXEMPTION FROM THE PRIVACY ACT, WHICH GIVES ALL AMERICANS THE RIGHT TO GET INFORMATION ABOUT OURSELVES. BUT WE SHOULD NOT BE COMPELLED TO SEARCH THOUSANDS OF DOCUMENTS, AT GREAT EXPENSE AND LOSS OF TIME, FOR MATERIALS THAT WE KNOW IN ADVANCE ARE NOT RELEASABLE. PARTICULARLY WHEN THE REQUESTOR ON THE OTHER END IS THE SOVIET UNION, ONE OF THEIR ALLIES, OR THE IRANIAN REGIME THAT HELD OUR PEOPLE HOSTAGE FOR 444 DAYS.

YOU MAY FIND IT HARD TO BELIEVE, BUT BY LAW, WE ARE REQUIRED TO DO THAT! THE IRANIAN REGIME RECENTLY FILED AN FOIA REQUEST FOR ALL INFORMATION IN CIA ON THE LATE SHAH. THIS IS A PERFECTLY LEGAL REQUEST AND WE HAVE TO TAKE IT SERIOUSLY AND RESPOND. THE SOVIETS USE FOIA TO GET TECHNICAL PUBLICATIONS AND MANY MILITARY DOCUMENTS ISSUED BY THE PENTAGON. COMPANIES HAVE ACTUALLY BEEN FORMED WHOSE SOLE OBJECTIVE IS TO OBTAIN TECHNICAL INFORMATION FROM THE GOVERNMENT THROUGH FOIA AND THEN SELL IT IN THE US AND ABROAD. NO WONDER OTHER INTELLIGENCE SERVICES AND PEOPLE WHO USED TO WANT TO HELP US DOUBT OUR ASSURANCES OF CONFIDENTIALITY AND BACK AWAY FROM US. WE NEED TO REFORM THE LAW. AS JUSTICE GOLDBERG ONCE SAID, "WHILE THE CONSTITUTION PROTECTS AGAINST INVASION OF INDIVIDUAL RIGHTS, IT IS NOT A SUICIDE PACT."

CONCLUSION

LET ME END WITH A WORD ABOUT THE PEOPLE WHO TOIL DAILY WITH THE GREAT ISSUES OF NATIONAL SECURITY WE HAVE BEEN DISCUSSING. I REFER IN PARTICULAR TO MY COLLEAGUES IN CIA AND AM REMINDED OF NAPOLEON'S ADVICE TO THE HOUSEKEEPER AT ST. HELENA WHEN SHE ASKED A GROUP OF PEOPLE CARRYING HEAVY LOADS TO GET OUT OF THE WAY FOR THE EMPEROR. HE SAID TO HER: "MADAM, RESPECT THE BURDEN." THE MEN AND WOMEN OF THE CENTRAL INTELLIGENCE AGENCY ALSO CARRY A HEAVY BURDEN. LET US RESPECT THE BURDEN.

WITH THAT, I BELIEVE IT IS TIME TO SHUT OFF THIS TALKING MACHINE -- THANK YOU.